

Message Text

CONFIDENTIAL POSS DUPE

PAGE 01 BUDAPE 00599 01 OF 02 151324Z

47

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R 150846Z MRR 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 977

INFO USMISSION GENEVA

AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 01 OF 02 BUDAPEST 0599

E.O. 11652: GDS

TAGS: ELAB, HU

SUBJECT: SANDOR GASPAR ON HUNGARIAN LABOR MOVEMENT

REF: STATE 032871; BUDAPEST 37 AND 0598 (NOTAL)

1. SANDOR GASPAR, POLITBURO MEMBER, CABINET OFFICIAL AND VICE PRESIDENT OF PRESIDENTIAL COUNCIL, MET WITH AMBASSADOR MARCH 7 IN FOLLOW UP TO JAN RECEPTION CONVERSATION (BUDAPEST 37). PROBLEMS OF NEM, WORKERS' DEMOCRACY, EAST-WEST TRADE UNION CONTACTS, AND UNION POWER IN HUNGARY WERE DISCUSSED.

2. GASPAR AGREED WITH AMBASSADOR'S ASSESSMENT THAT NEM HAD BEEN ECONOMIC SUCCESS. TO AMBASSADOR'S QUERY WHETHER SUCH STEPS AS CENTRALLY DIRECTED WAGE INCREASES AND GASPAR'S CALL FOR INDUSTRIAL DEMOCRACY MIGHT NOT WEAKEN NEM'S OBJECTIVE OF DIVERSIFYING RESPONSIBILITY TO PLANT MANAGER LEVEL, GASPAR SAID NEM'S MAIN DIRECTIONS WOULD NOT CHANGE. HOWEVER, HE SUPPORTED CENTRAL GOVT INTERVENTION IN WAGES IN STATE INDUSTRIES AS NECESSARY TO INSURE GREATER EQUITY OF WAGE SCALES DISTORTED BY SOME INDIVIDUAL
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PAGE 02 BUDAPE 00599 01 OF 02 151324Z

PLANTS IN EARLIEST DAYS OF NEM. WHILE MAIN DIRECTION OF

NEM WOULD CONTINUE, THEY HAD NEVER SAID DETAILS WERE SANCROSANCT. CENTRALLYDIRECTED WAGE INCREASES WOULD BE MADE IN FUTURE TOO.

3. TO ILLUSTRATE ISSUES INVOLVED HE SAID THAT IN 1968-70 PERIOD 40 PERCENT OF ENTERPRISE PROFITS WERE SET ASIDE FOR REINVESTMENT OR DISTRIBUTION AS BONUSES. 80 PERCENT OF THIS SUM WAS RESERVED FOR WORKERS, 10 PERCENT FOR MIDDLE, 10 PERCENT FOR TOP MANAGEMENT. UNFORTUNATELY, BONUSES AND THEIR DISTRIBUTION AMONG TOP MANAGEMENT WERE OF SUCH MAGNITUDE IN SOME CASES THAT INCOME DIFFERENTIALS INCREASED MUCH TOO SHARPLY. THIS, GASPAR CONTENDED, HAD TO BE CORRECTED. IN ADDITION, WORKERS IN SOME FACTORIES WITH LESS FAVORABLE LOCATIONS OR OTHER DISADVANTAGES WERE GETTING BONUS PREMIUMS OF ONLY ABOUT 2 PERCENT, WHEREAS, FOR COMPARABLE QUALITY WORK, IN OTHER PLANTS BONUSES OF 18 PERCENT WERE PAID. PLANTS WHOSE PRODUCTS HAD TO BE SOLD AT FIXED PRICES SOMETIMES ALSO SEEMED (INCORRECTLY) TO BE INEFFICIENT IN COMPARISON TO FEEDER PLANTS WHO COULD RAISE THEIR PRICES, AND WORKERS IN THEM DID NOT GET THEIR PROPER SHARE OF INCOME INCREASES.

4. AMBASSADOR ASKED WHETHER GASPAR'S APPEAL FOR GREATER INDUSTRIAL DEMOCRACY MEANT FURTHER GOH STEPS IN DIRECTION YUGOSLAV SYSTEM. GASPAR SAID HUNGARY EXPECTED TO DO BETTER JOB THAN YUGOSLAVIA, WHICH SIMPLY SHUT DOWN NON-COMPETITIVE PLANTS WITH RESULT THAT 1.5 MILLION YUGOSLAVS HAD TO FIND WORK IN WEST. HUNGARY WAS MORE SOCIALLY MINDED. IT WAS STEADILY SHIFTING ITS INVESTMENTS INTO MORE EFFICIENT INDUSTRY BUT WOULD ONLY CLOSE DOWN OLD INDUSTRIES AS NEW WORK OPPORTUNITIES WERE AVAILABLE. IN THIS REGARD HE NOTED FAVORABLY THAT 80 PERCENT OF INDUSTRIAL INVESTMENT NOW WENT INTO EQUIPMENT WHEREAS A FEW YEARS AGO 60 PERCENT WAS GOING INTO BUILDINGS.

5. AMBASSADOR NOTED GASPAR HAD REFERRED TO NEW REGULATIONS ON INDUSTRIAL DEMOCRACY IN HIS PARLIAMENTARY SPEECH AND ASKED WHAT HE HAD IN MIND. GASPAR REPLIED THAT MANAGERS WERE NOT NOW ACCOUNTABLE ENOUGH TO THOSE WHO WORKED FOR THEM. WORKERS COUNCILS WOULD BE GIVEN AUTHORITY ANNUALLY TO REVIEW WORK
CONFIDENTIAL
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PAGE 03 BUDAPE 00599 01 OF 02 151324Z

OF PLANT MANAGEMENT AND TO RECOMMEND TO APPROPRIATE GOVT MINISTRY WHETHER MANAGER SHOULD BE RETAINED OR NOT. THEY WOULD ALSO BE GIVEN VOICE IN REVIEWING NAME OF MANAGER MINISTRY PROPOSED TO NAME. (HE DID NOT MENTION OTHER FUNCTIONS, THOUGH WE EXPECT THERE WILL BE A NUMBER OF OTHERS).

6. AMBASSADOR SAID HE KNEW GASPAR WISHED TO TALK ABOUT TRADE UNION RELATIONS AND EXPRESSED INTEREST IN HIS VIEWS; AMBASSADOR SAID THAT AS GASPAR ALREADY KNEW AFL-CIO HAD BEEN OPPOSED

TO RECENT EAST-WEST MEETING IN GENEVA. THERE REMAINED GENERAL CONCERN IN IN US ABOUT THE CONFERENCE AND A SUBSTANTIAL FEELING THAT EE TRADE UNIONS WERE NOT REALLY REPRESENTATIVE OF WORKERS. GASPAR REPLIED THAT WESTERN VIEWS ABOUT EE TRADE UNIONS, AT LEAST THOSE IN HUNGARY, WERE OUT OF DATE. SAID UNIONS HERE HAVE STRONG, OFTEN DECISIVE ROLE IN PARTY AND GOVT DECISIONS AFFECTING WORKERS' INTERESTS. CITED HIMSELF AS EXAMPLE, NOTING HE SAT NEXT TO KADAR IN POLITBURO MEETINGS, PREMIER FOCK AT CABINET SESSIONS AND PRESIDENT LOSONCZI AT PRESIDENTIAL COUNCIL MEETINGS. NO DECISION COULD BE MADE IN HUNGARY AGAINST WORKERS' INTERESTS.

7. GASPAR SAID THAT WEST HAD FAILED TO RECOGNIZE THAT CHANGES IN HUNGARIAN TRADE UNIONS OVER PAST 15 YEARS HAD MADE THEM MORE RESPONSIVE TO WORKERS' SPECIAL INTERESTS. SAID HE HAD TO BE ACCURATE, AND HE WAS SPEAKING ABOUT HUNGARY, AS "THIS NOT CASE IN ALL SOCIALIST COUNTRIES".

8. AMBASSADOR SAID MANY PEOPLE WOULD INTERPRET GASPAR'S ROLE IN GOH LEADING BODIES MORE AS ONE OF ASSURING VOICE OF PARTY WAS ADHERED TO IN TRADE UNIONS THAN AS REPRESENTING WORKERS' INTERESTS IN THE PARTY AND GOVT. GASPAR VIGOROUSLY DENIED THIS. SAID THIS WAS TRUE UNDER PREVIOUS REGIME, BUT IN PAST 15 YEARS HE HAD NEVER RECEIVED PARTY DIRECTIVE TO THE UNIONS AND DID NOT EXPECT TO RECEIVE ONE. GASPAR NOTED IT WAS EASY FOR MEANY TO BE SEEN AS ADVOCATE OF WORKERS' INTERESTS, OFR HE COULD AND DI MAKE STRONG OPEN SPEECHES AND STATEMENTS ON UNION MATTERS. HE (GASPAR) EXERCISED PERHAPS MORE DEICISIVE INFLUENCE IN HUNGARY IN SUPPORT OF WORKERS' SPECIFIC INTERESTS THAN MEANY EXERCISED IN US. HE DID SO, HOWEVER, BY WORKING QUIETLY WITHIN PARTY AND GOVT. MORE PUBLIC EXPRESSIONS MIGHT REVEAL THIS ROLE BUT WOULD
CONFIDENTIAL
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PAGE 04 BUDAPE 00599 01 OF 02 151324Z

WEAKEN HIS EFFECTIVENESS.

9. GASPAR SAID THAT EE TRADE UNIONS HAD IN PAST BEEN "DEFORMED" BY BEING OVERLY SUBSERVIENT TO SIDER SOCIAL INTERESTS AND NOT ATTENTIVE ENOUGH TO THOSE SPECIFICALLY OF WORKERS. IN WEST, HOWEVER, TRADE UNIONS HAD BEEN TOO PREOCCUPIED WITH IMMEDIATE MATERIALIST GOALS OF WORKERS AND HAD IGNORED LARGER SOCIAL ISSUES AND INTELLECTURAL DEVELOPMENT OF MEMBERSHIP. HE THEN GAVE GENERAL REVIEW OF SOCIAL AND INTELLECTUAL ROLE OF HUNGARIAN TRADE UNION MOVEMENT, CLAIMING FOR EXAMPLE, THAT HUNGARIAN WORKERS WERE BETTER INFORMED (AS RESULT TRADE UNION PRGRAMS) ABOUT LITERATURE (EVEN OF THE WEST) THAT WORKERS OF US, UK AND SWITZERLAND AND THAT CULTURAL LEVEL OF TRADE UNION MEMBERS HERE WAS GENERALLY HIGHER.

10. HE THEN EXPRESSED HOPE FOR GREATER EAST-WEST CONTACTS

BY UNION LEADERS. SAID THAT "SOCIALIST LEADERS" HAD NO DESIRE TO INTERFERE IN INTERNAL AFFAIRS OF WESTERN TRADE UNIONS AND OF COURSE WOULD NOT EXPECT THE OPPOSITE. HE WAS WELL AWARE THAT AFL-CIO STRONGLY OPPOSED PRESENT EAST-WEST LABOR CONTACTS, BUT EXPRESSED HOPE THAT US WOULD CHANGE POLICY IN FUTURE. SAID US LABOR LEADERS' CONCEPT OF "SOCIALIST" TRADE UNIONS WAS BASED ON IMMEDIATE

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PAGE 01 BUDAPE 00599 02 OF 02 151103Z

47

ACTION EUR-25

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C O N F I D E N T I A L SECTION 02 OF 02 BUDAPEST 0599

POST-WAR YEARS WHEN THEY DID NOT VIGOROUSLY REPRESENT WORKERS' INTERESTS. GASPAR SAID HE LOOKED FORWARD TO NEXT ROUND OF EAST-WEST LABOR TALKS, PARTICULARLY SINCE HE HAD HAD OPPORTUNITY TO SERVE ON ORGANIZING COMMITTEE. OF THIS ROUND. TO AMBASSADOR'S QUERY ABOUT AGENDA OF NEXT MEETING HE GAVE NO DIRECT RESPONSE, BUT WE FEEL HE MIS-UNDERSTOOD QUESTION.

1. AMBASSADOR CONCLUDED BY SAYING THAT IF AND WHEN GASPAR FELT IT TIMELY TO MAKE OVERTURES TO US TRADE UNIONS BEST APPROACH WOULD BE DIRECT ONE, AS US UNIONS WERE AVERSE TO ANY GOVT ROLE IN THEIR AFFAIRS. AMBASSADOR SAID HE DID NOT WISH TO MISLEAD HIM INTO THINKING THAT ANY CHANGES IN US THINKING WERE LIKELY, HOWEVER, AS US OPINION REMAINED CONCERNED ABOUT SUCH CONTACTS. HOWEVER, AMBASSADOR SAID

THAT WHEREEVER IT WOULD BE USEFUL IN IMPROVING COMPREHENSION
ABOUT EACH OTHER, EMBASSY WOULD BE PREPARED TO KEEP IN
TOUCH. GASPAR SAID HE WOULD ALWAYS BE GLAD TO TALK WITHUS.
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